

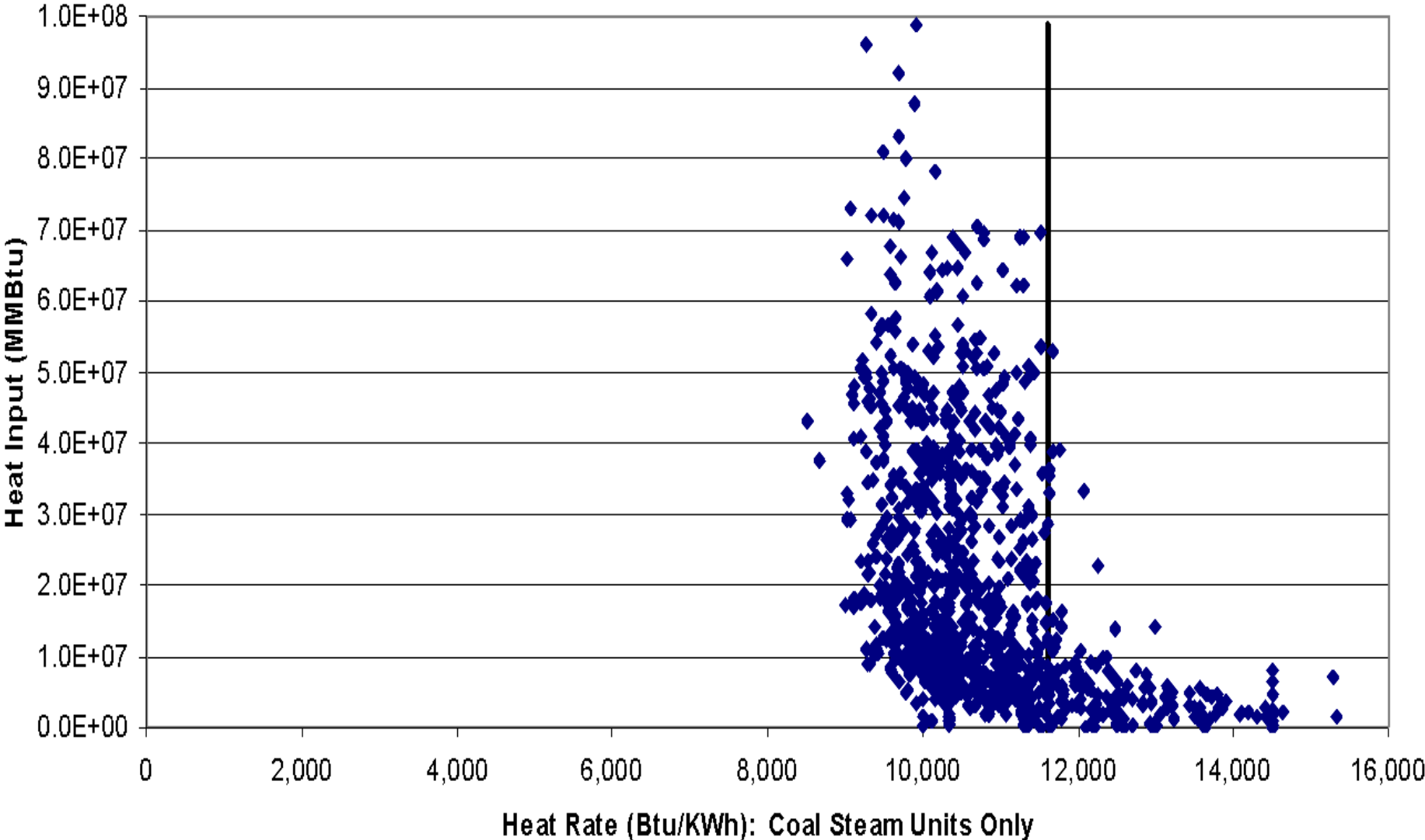
Climate Policy Under the Clean Air Act

Dallas Burtraw
Resources for the Future

MIT-NESCAUM Endicott House Symposium

August 23-25, 2010

Coal Steam Units—Heat-Input Weighted Heat Rates



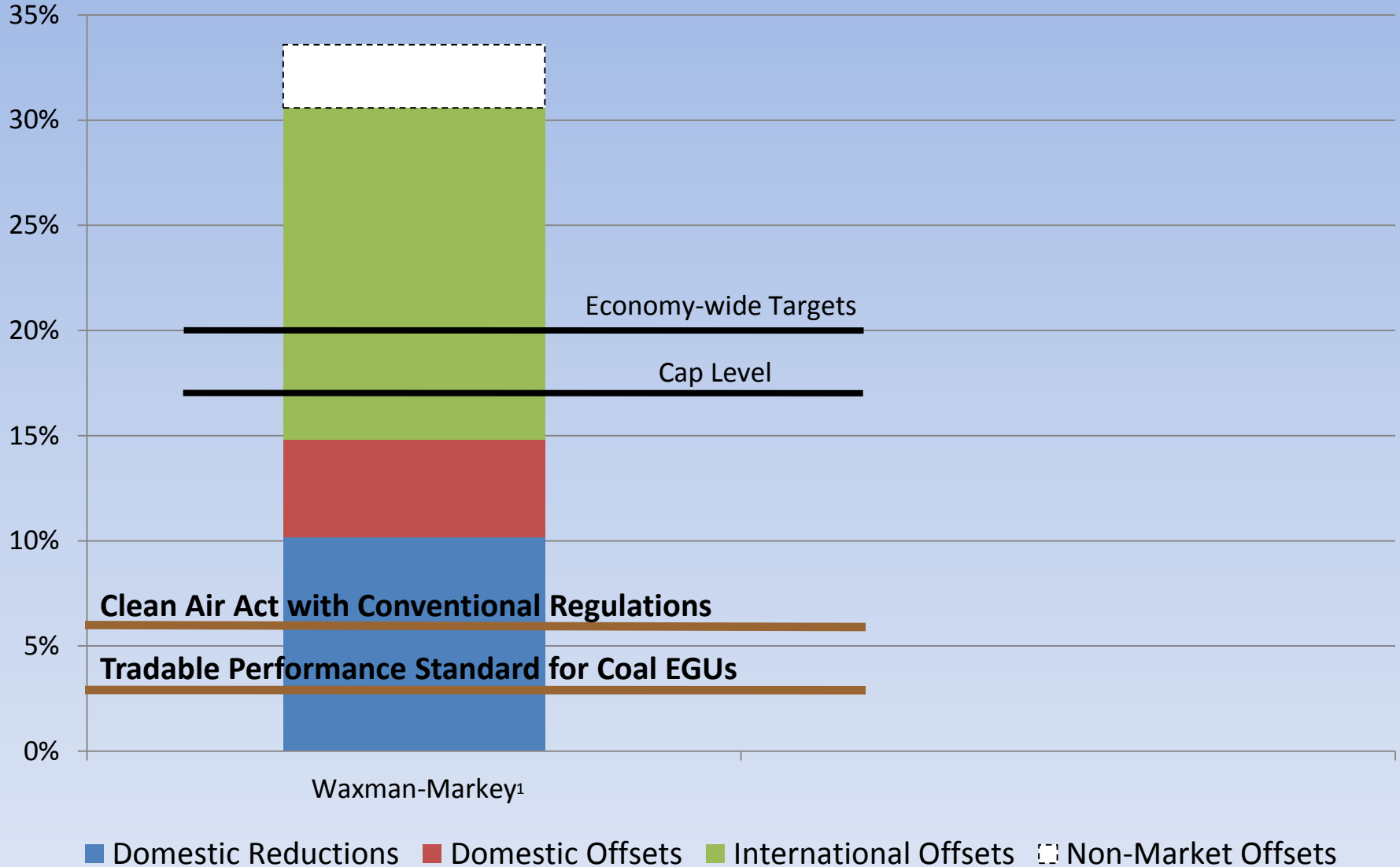
Reduction Opportunities Identified by EPA's Advanced Notice of Proposed Rulemaking

<i>Source Category</i>	<i>CO₂e Emissions (% of U.S. total)</i>	<i>Potential Reduction as Percent of US Inventory</i>
Electricity boilers	34%	up to 3.1% (including 0.5 - 1.4% from coal-fired plants and that much again from biomass co-firing)
Cement plants	2%	.02 - 0.2%
Industrial boilers	20%	0.2 - 2%
Petroleum refineries	3%	0.03 - 0.3%
TOTAL	59%	up to 5.6%

Not estimated and/or included:

landfills, iron & steel, agriculture, buildings, transportation, petroleum production, natural gas systems

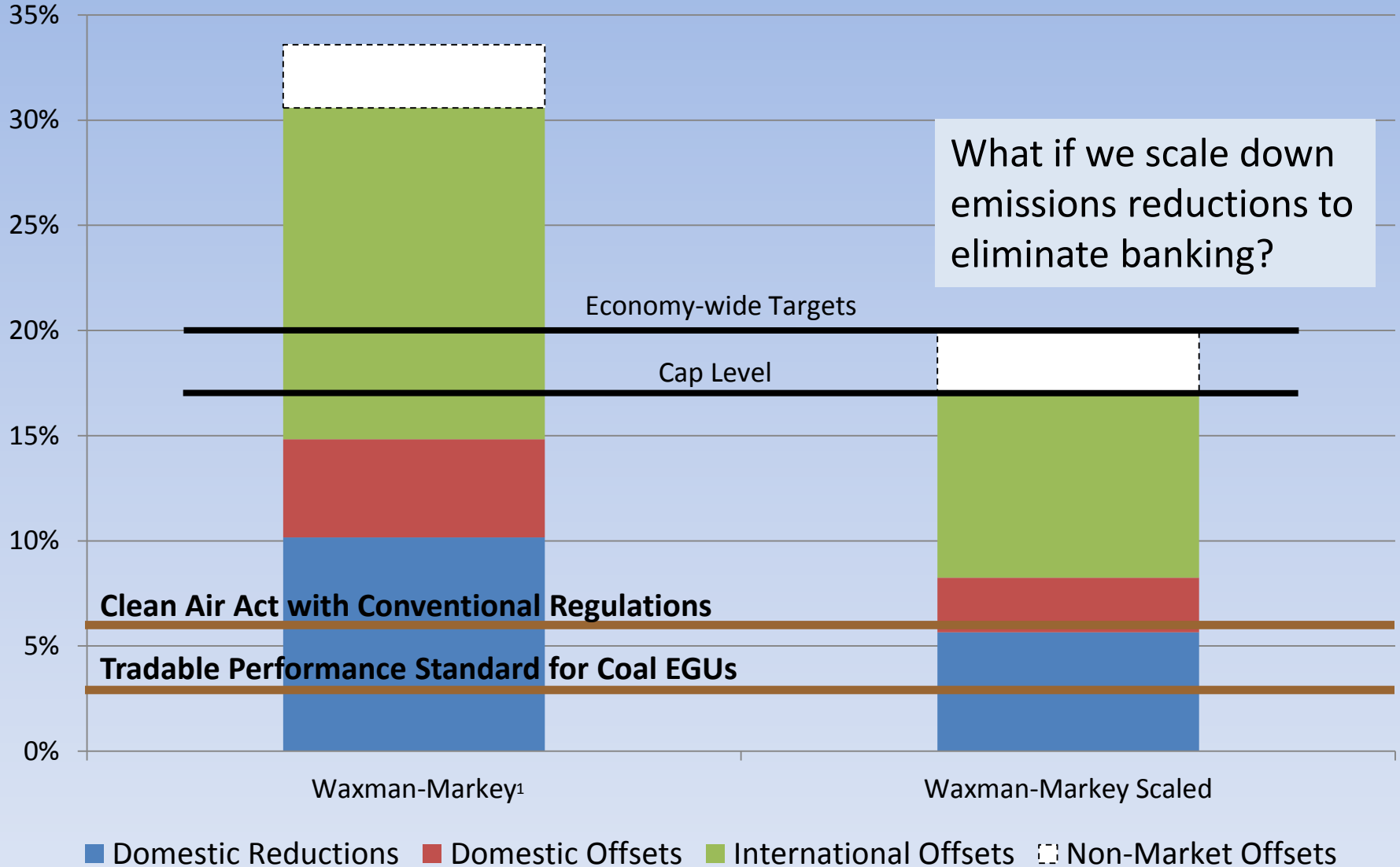
Emission Reductions in 2020 (from 2005 Levels)



Note: Waxman-Markey EIA modeling results include banking

¹ EIA 2009. Energy Market and Economic Impacts of H.R. 2454 - Basic Case. <<http://www.eia.doe.gov/oiaf/service/rpt/hr2454/excel/hr2454cap.xls>>

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Outline of GHG Regulation under the Clean Air Act

1970-2008: Legal Foundation

- Clean Air Act: statutory authority
- *Massachusetts v. EPA*
- Preemption?

Known



Mobile Sources

2009-2010: EPA Action

- Endangerment Finding
- New CAFE Standards
- Revised "Johnson Memo"

Understood

The Future

Stationary Sources

Preconstruction Permits (New/Modified Sources)

- Tailoring Rule
- BACT?

Regulatory Pathways (Existing Sources)

- At least four possible pathways
- NSPS appears most likely
- Legal challenges?

Unknown

Potential State Role under Section 111(d)

- Enforcement likely to devolve to the states.
- States might be assigned emissions budgets.
- Criterion is to identify the “best system” of emissions reduction.
- Regulation could only be directed at emissions sources (i.e. investments inside the fence.)
- However, the state could design the system to complement other regulatory efforts at the state level.
- Cap and trade is one type of system that could be considered by the state or a group of states.
- Allocation decisions would be left to the state.
- As occurred under the NOx Budget Program (implemented under section 110 NAAQS, not section 111 NSPS), the EPA might develop a model rule that would allow for trading across states.



Thank you!